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C O N F I D E N T I A L BUDAPEST 000147

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DEPARTMENT FOR E, EEB, AND EUR/NCE; PLEASE PASS TO NSC FOR
ADAM STERLING

E.O. 12958: DECL: 02/12/2013

TAGS: [PREL](#) [ENRG](#) [HU](#)

SUBJECT: HUNGARY DENIES MILLANDER-TURKMENISTAN DEAL

REF: STATE 13144 AND PREVIOUS

Classified By: P/E COUNSELOR ERIC V. GAUDIOSI; REASONS 1.4 (B) AND (D)

11. (C) Ambassador Foley met February 12 with Ambassador Karoly Banai, Foreign and Security Policy Advisor to Prime Minister Gyurcsany.

"UNSTABLE" MIDDLEMAN; "ALARMING" LETTER

12. (C) Ambassador Banai listened intently to reftel points, asking for our understanding of the volume of gas reportedly under discussion. He responded immediately to our demarche by commenting that both the MFA and the Hungarian security services had described Millander executive Jozsef Kalman as "insane." He noted that Kalman had been "charged many times with many things," including tax fraud and drunk driving, and commented that Kalman had previously undermined a Hungarian grain sale to Malaysia by falsely representing himself as empowered to negotiate for the GoH.

13. (C) While reiterating that Kalman is neither "stable" nor "reliable," Banai confided his concern regarding the letter signed by Foreign Minister Goncz as "very alarming and very sensitive" and "a big, big problem." (Note: Goncz is recovering from what Banai described as minor back surgery and will not return to the Ministry until next week. End Note.) Although he assured us that Kalman "does not have the support of the GoH" and that he is "not aware of any such contract under consideration," he noted that he "cannot say that nobody has supported him." He hopes that the FM simply "did not appreciate the sensitivity and importance of the matter," and underscored the GoH's commitment to "Nabucco filled with Azeri gas." Banai undertook to update the Prime Minister, to look into the matter further, and to keep us apprised.

ACCELERATING NABUCCO

14. (C) Turning briefly to Nabucco, Banai advised that the GoH has asked Economy Minister State Secretary Diossy to serve as their point person on the project and to "be active" within the consortium to help "accelerate the project" and to develop "a secure, purely non-Russian source." He also confided that the GoH would welcome potential Gaz de France participation in the project. Hungarian officials had signaled this within the consortium, but Budapest does not want to be caught between Paris and Ankara.
FOLEY